(c) Central Government is committed to achieving the fiscal corrections mandated under The Fiscal Responsibility and Budget Management Act, 2003. The introduction of State-level Value Added Tax and the implementation of the Twelfth Finance Commission award, which include a debt relief package to States linked to the enactment of fiscal responsibility legislation by them, would help stabilise their finances. Adherence to the targets set under the Fiscal Responsibility and Budget Management Act, 2003 legislation by the Centre and similar fiscal responsibility legislation by States would reduce fiscal deficit and public debt to sustainable levels.

Air India's low cost air services

*380. SHRIMATI SUKHBUNS KAUR:
SHRIMATI PREMA CARIAPPA:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Air India proposes to launch low cost air services to compete with other international air carriers,

(b) if so, the details of the scheme; and

(c) by when such AI services are likely to be launched and what would be the financial viability and implication thereof?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) to (c) Yes, Sir. Air India is in the process of starting a subsidiary Low Cost Airline, Air India Express. This airline will commence operations in a phased manner from India to the Gulf and India to South East Asia. In Phase I, this airline will operate from India to certain points in the Gulf. In Phase II, based on bilateral issues and availability of aircraft, these services will be extended to South East Asia and to other points in the Gulf. The first phase of the operations is expected to be launched in the last week of April, 2005. As regards financial viability of the proposed operations, the combined operations of Air India and Air India Express on the proposed sectors are expected to show a net gain of Rs. 129.81 crores per annum.